

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Charter Township of Bangor DDA	County Bay
Fiscal Year End 12/31/06	Opinion Date 05/22/07	Date Audit Report Submitted to State 06/22/07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

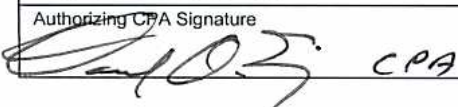


Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☒ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) WEINLANDER FITZHUGH, CPAS		Telephone Number 989-893-5577	
Street Address 1600 CENTER AVE		City BAY CITY	State MI
Zip 48707			
Authorizing CPA Signature 	Printed Name DAVID D. QUIMBY	License Number 1101015265	



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CHARTER TOWNSHIP OF BANGOR
DOWNTOWN DEVELOPMENT AUTHORITY
BAY COUNTY, MICHIGAN

FINANCIAL STATEMENTS
DECEMBER 31, 2006

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INDEPENDENT AUDITORS' REPORT

May 22, 2007

Members of the Authority Board
Charter Township of Bangor Downtown
Development Authority
Bay County, Michigan

We have audited the accompanying financial statements of the special revenue and debt service funds of the Charter Township of Bangor Downtown Development Authority, Bay County, Michigan, a component unit of the Charter Township of Bangor, as of and for the year ended December 31, 2006, as listed in the index. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the special revenue and debt service funds and do not purport to, and do not, present fairly the financial position of the Charter Township of Bangor Downtown Development Authority, Bay County, Michigan, as of December 31, 2006, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the special revenue and debt service funds of the Charter Township of Bangor Downtown Development Authority, Bay County, Michigan as of December 31, 2006, and the changes of financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

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CHARTER TOWNSHIP OF BANGOR
DOWNTOWN DEVELOPMENT AUTHORITY

Balance Sheet
December 31, 2006

	Special Revenue Fund	Debt Service Fund	Totals (Memorandum Only)
	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>			
Cash and investments	\$ 4,830	\$ 408,261	\$ 413,091
Taxes receivable	0	170,546	170,546
Due from Current Tax Fund	<u>0</u>	<u>135,788</u>	<u>135,788</u>
Total Assets	<u><u>\$ 4,830</u></u>	<u><u>\$ 714,595</u></u>	<u><u>\$ 719,425</u></u>
<u>LIABILITIES AND FUND BALANCE</u>			
<u>Liabilities</u>			
Accounts payable	\$ 2,227	\$ 35,383	\$ 37,610
Deferred revenue	<u>0</u>	<u>306,334</u>	<u>306,334</u>
Total liabilities	2,227	341,717	343,944
<u>Fund Balance</u>			
Reserved	<u>2,603</u>	<u>372,878</u>	<u>375,481</u>
Total Liabilities and Fund Balance	<u><u>\$ 4,830</u></u>	<u><u>\$ 714,595</u></u>	<u><u>\$ 719,425</u></u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF BANGOR
DOWNTOWN DEVELOPMENT AUTHORITY
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended December 31, 2006

	Special Revenue Fund	Debt Service Fund	Totals (Memorandum Only)
<u>Revenues</u>			
Taxes	\$ 0	\$ 384,059	\$ 384,059
Interest	443	22,212	22,655
Total revenues	<u>443</u>	<u>406,271</u>	<u>406,714</u>
<u>Expenditures</u>			
Fees per diem and other administrative expenditures	6,540	1,451	7,991
Legal and other professional fees	6,991	0	6,991
Contractual services and other	10,040	35,383	45,423
Debt service	<u>0</u>	<u>551,983</u>	<u>551,983</u>
Total expenditures	<u>23,571</u>	<u>588,817</u>	<u>612,388</u>
Excess (deficiency) of revenues over expenditures	<u>(23,128)</u>	<u>(182,546)</u>	<u>(205,674)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers in from DDA Debt Service Fund	20,000	0	20,000
Transfers out to governmental funds	<u>0</u>	<u>(20,000)</u>	<u>(20,000)</u>
Total other financing sources (uses)	<u>20,000</u>	<u>(20,000)</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(3,128)	(202,546)	(205,674)
Fund balance - beginning of year	<u>5,731</u>	<u>575,424</u>	<u>581,155</u>
Fund balance - end of year	<u>\$ 2,603</u>	<u>\$ 372,878</u>	<u>\$ 375,481</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF BANGOR
 DOWNTOWN DEVELOPMENT AUTHORITY
 Statement of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual -
 Special Revenue Fund
For the Year Ended December 31, 2006

	Special Revenue Fund		
	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>Revenues</u>			
Interest	\$ 150	\$ 443	\$ 293
<u>Expenditures</u>			
Fees per diem and other administrative expenditures	6,900	6,540	360
Legal and other professional fees	9,080	6,991	2,089
Contractual services and other	10,170	10,040	130
Total expenditures	<u>26,150</u>	<u>23,571</u>	<u>2,579</u>
Excess (deficiency) of revenues over expenditures	(26,000)	(23,128)	2,872
<u>Other Financing Sources</u>			
Transfers in from DDA Debt Service Fund	<u>20,000</u>	<u>20,000</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over expenditures	(6,000)	(3,128)	2,872
Fund balance - beginning of year	<u>5,731</u>	<u>5,731</u>	<u>0</u>
Fund balance - end of year	<u>\$ (269)</u>	<u>\$ 2,603</u>	<u>\$ 2,872</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF BANGOR
DOWNTOWN DEVELOPMENT AUTHORITY
Notes to Financial Statements
For the Year Ended December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Authority's Operations

The Charter Township of Bangor Downtown Development Authority (Authority) is a component unit of the Charter Township of Bangor and operates under the supervision and control of a Board consisting of the Chief Executive Officer of the Charter Township of Bangor and eight (8) members as provided by Act 197. The Authority was established to correct and prevent urban deterioration and encourage economic development.

B. Basis of Presentation

The financial activities of the Authority are recorded in separate funds and account groups, categorized and described as follows:

Special Revenue Fund - This fund is used to account for the specific revenue sources (other than special assessments) that require separate accounting because of legal or regulatory provisions or administrative action.

Debt Service Fund - This fund is used to account for the funding and payment of principal and interest of Downtown Development Bonds.

C. Basis of Accounting

All governmental funds utilize the modified accrual basis of accounting. Modifications in such method from the accrual basis are as follows:

1. Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned. Other revenue is recorded when received.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the County tax rolls.

2. Interest on bonded indebtedness and other long-term debt is not recorded as an expenditure until its due date.
3. Normally, expenditures are not divided between years by the recording of prepaid expenses.

CHARTER TOWNSHIP OF BANGOR
DOWNTOWN DEVELOPMENT AUTHORITY
Notes to Financial Statements
For the Year Ended December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Other

The budgets of the Authority are prepared on the same basis of accounting as the financial statement presentation. The budgets were adopted to the functional level.

On or before September 1, each Township department head submits to the supervisor an itemized estimate of the anticipated expenditures of the Township for the next fiscal year for the Township activities under his or her charge. In the case of the Authority, the Treasurer submits such estimates. The supervisor shall prepare a complete itemized budget proposal for the next fiscal year and submit it to the Township Board no later than October 1. A public hearing on the budget is to be held before its final adoption, at such time and place as the Township Board directs, and notice of such public hearing is to be published at least one week in advance by the Township Clerk. A copy of the proposed budget shall be on file and available to the public for inspection during office hours at the office of the Township Clerk for a period of not less than one week prior to such public hearing. Then no later than the first regularly scheduled meeting in November, the Township Board and the Authority Board shall by resolution, adopt the budget for the next fiscal year and shall, in that resolution, make an appropriation of money needed for Authority purposes during the ensuing fiscal year of the Township.

Total columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - CASH AND INVESTMENTS

The Authority has adopted a formal investment policy consistent with that authorized by Michigan Law. The Authority's investment policy does not identify interest rate risk, foreign currency risk or concentration of credit risk. The Authority did not have funds in investments at December 31, 2006.

Cash

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. At December 31, 2006, \$400,685 of the Authority's bank balance of \$422,054 was exposed to custodial credit risk because it was uninsured and uncollateralized.

CHARTER TOWNSHIP OF BANGOR
DOWNTOWN DEVELOPMENT AUTHORITY
Notes to Financial Statements
For the Year Ended December 31, 2005

NOTE 3 - LONG-TERM DEBT

	Debt Payable January 1, <u>2006</u>	Debt <u>Issued</u>	<u>Retired</u>	Debt Payable December 31, <u>2006</u>
Michigan Municipal Bond Authority Local Governmental Loan Program Revenue Bonds Series 1997B	\$ 538,125	\$ 0	\$ 538,125	\$ 0
Totals	<u>\$ 538,125</u>	<u>\$ 0</u>	<u>\$ 538,125</u>	<u>\$ 0</u>

Intergovernmental Development Agreement

On August 13, 1997, the County of Bay and the Downtown Development Authority of the Charter Township of Bangor (DDA) entered into an intergovernmental development agreement for the Bay County Multi Use Building, located within Bangor Township's DDA District Area. According to the agreement, the DDA will finance those portions of the Project consisting of the acquisition of the site and the costs of wetland mitigation or environmental cleanup of the Site. In addition, the DDA will finance other site improvements necessary for the completion and operation of the commercial building including infrastructure, public and fire protection safety improvements and lighting of the public parking lot and other public exterior areas of the Project. The County shall finance the costs of the entire Project from the proceeds of bonds (the "County Bonds") issued on or behalf of the County, together with funds on hand obtained by the County from donations or other sources available to the County. To finance the DDA portion of the project, the DDA has agreed to reimburse the County for its proportionate share of the Project to a maximum of \$750,000. The County will structure the DDA's reimbursement obligation for the DDA portion such that the principal and interest payments due by the DDA shall not exceed \$65,000 annually. The principal portion of the DDA's reimbursement obligation will be due to the County on May 1 of each year according to the following schedule and bear interest at rates ranging from 4.55% to 8.0% semiannually.

On May 4, 2006 the Downtown Development Authority of the Charter Township of Bangor and the County of Bay agreed to terminate the agreement between the DDA and the County. The DDA tendered a check representing the outstanding principal balance and accrued interest owing from the DDA to the County pursuant the terms of the Agreement.